IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

Supreme Court, U. S.
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No. 71-315

DEEPSOUTH PACKING CO., INC.,
Petitioner,

v.

THE LAITRAM CORPORATION,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

(Appeal No. 29,776)

BRIEF FOR THE RESPONDENT

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ABBREVIATIONS

Abbreviations herein as follows:

Pet. Br.	Brief for the Petitioner
Res. Br. App.	Appendix to Brief for the Respondent
Br. Am. Cur.	Irons *amicus curiae* Brief
A:	Appendix
Sup. A:	Supplemental Appendix

Unless otherwise indicated, all emphasis is supplied.

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BRIEF FOR THE RESPONDENT

I. INTRODUCTION: THIS CASE IS ABOUT THE EXERCISE OF SANCTIONS AVAILABLE TO UNITED STATES COURTS TO PREVENT, AND COMPENSATE FOR, ACTS OF PATENT INFRINGEMENT.

This is a patent case, but it does not relate to normal issues of validity and infringement. These matters were settled in a separate appeal (A: 81-93).

The case does not require the technical patent rhetoric[1] employed in determinations of whether or not "prior art"

[1]Petitioner's Brief is steeped in this "patentese" and ignores the acts of the infringer and the effects of those acts on the holder of the patent grant.

renders a patent not "novel", or "obvious", or whether or not a machine and its mode of operation are construed to be within a claim of the patent.

This case presents issues of the powers of a United States District Court to enjoin (35 U. S. C. § 283) certain acts and to award damages (35 U. S. C. § 284) for those acts.

This case is a stark depiction of the behavior of an adjudicated infringer in the context of an otherwise normal commercial transaction, such transaction abnormal only in its transparent attempt to evade two United States patents. The effect of that behavior is to devastate the patent owner's statutory right to exclude others from making and selling (35 U. S. C. § 154).

It is a case where the infringer uses euphemisms and ignores substance.

RESTATEMENT OF QUESTIONS PRESENTED FOR REVIEW

(1) Is an entity, which is subject to the jurisdiction of a United States Court, subject to the statutory sanction of injunction when it manufactures, or arranges for the manufacture of, within the United States, all the parts of a machine (in a form short of a finally assembled form) that infringes a United States patent?

(2) Is an entity, which is subject to the jurisdiction of a United States Court, subject to the statutory sanctions of injunction and damages when it sells (F. A. S.[3] any United States port) the subject matter of question (1)?

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[3]Free alongside ship.

ADDITIONAL STATUTES INVOLVED

The following statutes relevant to this case were omitted from the Brief for the Petitioner:

35 U. S. C. § 283. Injunction

The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to *prevent* the violation of any right secured by patent, on such terms as the court deems reasonable.[3]

35 U. S. C. § 284. Damages.

Upon finding for the claimant [the patentee] the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the *use* made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.[4]

35 U. S. C. § 154. Contents and term of patent.

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the

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[3]The predecessors of 35 U. S. C. § 283 were: The Patent Act of 1819, 3 Stat.L. 481; § 17, Patent Act of 1836, 5 Stat.L. 117; and § 55, Consolidated Patent Act of 1870, 16 Stat.L. 198.

[4]Predecessors of 35 U. S. C. § 284 were: § 4, Patent Act of 1790, 1 Stat.L. 109; § 5, Patent Act of 1793, 1 Stat.L. 318; § 3, Patent Act of 1800, 2 Stat.L. 37; § 14, Patent Act of 1836, 5 Stat.L. 117 and § 55, Consolidated Patent Act of 1870, 16 Stat.L. 198.

term of seventeen years, subject to the payment of issue fees as provided for in this title, of the right to exclude others from *making*, using, or *selling* the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.[5]

COMMENTS ON THE PROCEEDINGS IN THE COURTS BELOW

Respondent declines to extol at length its patent rights[6] and their recognition by both Courts below. Petitioner has made emotive attempts in its Brief to equate Respondent's patents with "prior art" and to differentiate Petitioner's infringing machinery from both the claims held infringed and Respondent's commercial machinery.

Suffice it to say that a claim in each of two patents has been held valid,[7] infringed by and enforceable against peti-

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[5]The predecessors of 35 U. S. C. § 154 were: § 1, Patent Act of 1790, Stat.L. 109; § 5, Patent Act of 1836, Stat.L. 117; and § 22, Consolidated Patent Act of 1870, 16 Stat.L. 198.

[6]Laitram's shrimp deveining machines that incorporate (A:5) and embody (A:6) inventions of the patents achieved 8 results not achieved by any prior machines (A:5) and were characterized as: "Probably the most significant advance in [deveining] technique . . ." 286 *Survey of the United States Shrimp Industry I*, United States Department of the Interior, Fish and Wildlife Service (Washington, D. C. 1958).

[7]The main thrust of the Irons *amicus curiae* brief is an argument that the Constitution prohibits reward to investors in an invention and denegrates the utilization of venture capital to back inventors (Br. Am. Cur. pp. 19-27, see, part p. 24). The Irons *amicus curiae* brief alleges that Respondent is nothing more than a "financial backer" of the "alleged" inventors (Br. Am. Cur. p. 24, f. n. 33). This is not the case for *that* argument. The same two inventors on each of the two patents involved here (Fernand Lapeyre and James Lapeyre, who began experimenting in a garage (A:3), were the largest general partners in The Peelers Company (the entrepreneuring *family* entity, from the very beginning, of the

tioner, and that the machines at issue before this Court with respect to the export transaction are *identical* to the machines held to infringe the patents. The detailed opinion (A: 25-63), findings of fact (Sup.A: 449-473) and judgment (A: 64-66) of the District Court on the issues of validity, infringement and enforceability[8] and the opinion of the Court of Appeals affirming that judgment (A:81-93)[9] are completely reproduced in the Appendix. This

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Lapeyre pioneering efforts in shrimp processing inventions) and are President and Vice President of, and the two largest shareholders in, Respondent Laitram, successor to The Peelers Company. The shift from Peelers to Laitram was the incorporation of the family partnership. Fernand and James Lapeyre were also inventors of Laitram's "pioneer" and "primary" shrimp peeling machine patents, held valid and infringed (by machines built and sold by Petitioner) in the Ninth Circuit. *Peelers Company* v. *Kaakinen*, 126 U. S. P. Q. 42, 45 (W. D. Wash. 1960), aff'd *Kaakinen* v. *Peelers Co.*, 301 F. 2d 170, 173 (9th Cir.), *rehrg. den.* 301 F. 2d 173 (9th Cir.), *cert. den.* 371 U. S. 823 (1962). These patents have expired.

[8]Petitioner did not completely cite, and misemphasized, the import of the interlocutory opinion below (Pet. Br. 2). Contrary to Petitioner's statement, the opinion is officially reported (279 F. Supp. 883) and is almost entirely devoted to a denial of Petitioner's claim for violation of the antitrust laws (See 279 F. Supp. 887-891); Petitioner took no appeal from that denial. The denial of a motion for summary judgment alluded to (Pet. Br. 2) occupies one paragraph of that opinion (279 F. Supp. at 891).

[9]As in most patent actions, there was expert and industry witness evidence on behalf of *both* parties, but, here, additionally there were the following:

(1) demonstrations to the District Court of devices constructed (under the directions of Petitioner's trial counsel as followed by Petitioner) as *replicas* of "prior art" patents alleged to render the two patents invalid (A: 113, 7) and of *real* "prior art" devices [one *real* "prior art" device (Pet. Br. 8, f. n. 4) was demonstrated to the Court of Appeals (A: 87)];

(2) demonstrations to the District Court of Respondent's machinery incorporating the inventions of both patents, and of Petitioner's infringing machinery in the *actual working environment of a shrimp processing plant* (A: 81-82); and

(3) explanations during those demonstrations of that machinery to the District Court by the presidents of Respondent and Petitioner (A: 113, 7).

Court has denied review as to any issue of validity, infringement or enforceability (A: 96).

Before stating the operative facts, it is noted that while Petitioner has relied extensively on transparent "legalisms" to attempt to *evade* Respondent's patents in the export transaction at issue before the Court, Petitioner attempts to ignore other "legalisms." Petitioner's Petition for a writ of certiorari on the question accepted for review and its Brief concern acts which were *all* performed (or appear to have been performed) by Skrmetta Machinery, a corporation other than Petitioner and not a party to this action.[10]

Petitioner omits all significant operative facts relevant to the issue accepted for review other than a brief recitation at Pet. Br. 11-12.[11]

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[10]Skrmetta Machinery was organized three days before the pretrial conference before trial on the merits of the patents (*Record on Appeal,* Vol. I., Articles of Incorporation of Skrmetta Machinery Corporation, p. 1; A: i); Skrmetta Machinery has been held to be bound by the injunction (A: 213).

Raphael Q. Skrmetta is president and owner of about three-quarters of the equity of each corporation (A: 249-251); the officers of both are the same (A: 250); both use the same address, telephone number and cable address (A: 352, 373, 387) and advertise as an entity (Compare A: 199 and A: 200 with A: 198).

[11]This brief recitation of facts is founded largely on unauthenticated photographs of three boxes and a "parts list" that was purportedly an enclosure to a letter (A: 392-393, 395). These photographs and the "parts list" were not in evidence before the District Court. The "parts list" was prepared and the photographs were taken *after* submission of the issue now before this Court to the District Court; they were included in Petitioner's Answering Brief on this issue filed in June, 1970, in the Court of Appeals. The "parts list" and the unauthenticated photographs clearly do not have *ante litam motam* status. Curiously, a shipment of the same machinery made before the litigation was commenced was made in *two* boxes (Resp. Br. App. D-1). No "parts lists" have ever been produced by Petitioner for any of its infringing machines through the entire course of the litigation.

STATEMENT OF FACTS

I. The Background Of The Manufacture And Sale At Issue Before This Court

On April 7, 1969, the District Court (E. D. La., Alvin B. Rubin, D. J.)[12] held United States Patent 2,694,218 to be valid (A: 42) and a claim of that patent to be infringed (A: 49, 53) by a machine of Petitioner's, described on all of Petitioner's invoices (whether for domestic or foreign customers) as a "SKRMETTA SHRIMP DEVEINER MACHINE" (A: 174, R. Br. App. D-1).

In the same opinion, the District Court held a claim of United States Patent 2,825,927 to be valid (A: 57) and infringed (A: 58, 59) by a machine of Petitioner's, described on all Petitioner's invoices (whether for domestic or foreign customers) as a "DISCHARGE CONVEYOR"[13] (A: 174, R. Br. App. D-1).

On June 30, 1969, a writ of injunction issued enjoining Petitioner, "its attorneys acting on its behalf, its officers, agents, servants and employees and those persons, in active concert of participation with it "from 'making, using or selling'" infringing machinery and "actively inducing others to infringe or contributorily infringing" each patent. (A: 67-69).[14] This injunction was held to restrain Skrmetta Machinery (A: 213).[15]

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[12]Judge Rubin has presided over this action since its commencement and has rendered each of the three reported District Court opinions.

[13]This is a first euphemism. The "DISCHARGE CONVEYOR" is the infringing vein removing machine. (Sup. A: 469-471).

[14]The injunction has expired by its own terms (A: 68) as to the '218 patent, which expired November 16, 1971 (A: 117, 35 U. S. C. § 154). The injunction as to the '927 patent will expire in less than three years (A: 127, 35 U. S. C. § 154). There now exists *no* restraint on Petitioner with respect to one of its machines, contrary to the Irons *amicus* brief allegations (Br. Am. Cur., p. 18, f. n. 24).

[15]The injunction was modified December 2, 1969 on motion of Respondent to enjoin Petitioner from "advertising, offering for sale, promoting or soliciting orders for" [the infringing machinery] (A: 221).

II. The Advertisements And The Offer For Sale

Petitioner's two machines held to be infringements are two of the three units of its commercial deveiner. This commercial deveiner as a whole is referred to by Mr. Skrmetta as a (or the) "machine" in all of his letters and testimony relevant to the issue before the Court.

Skrmetta Machinery placed advertisements (A: 195-196) in magazines with wide foreign distribution (A: 339). The advertisements referred to the deveining equipment as "Machines" (A: 195, 196). No mention was made in the advertisements referred to the deveining equipment as deveining machinery in "kit form" or in "parts."

In May, *after* he was aware of the District Court's holding of validity and infringement (A: 255-256), Mr. Skrmetta first offered to sell the infringing machines to the Brazilian customer (A:256). He indicated to the Brazilian customer at that time that the machines would not come to the customer disassembled (A: 314-316). Mr. Skrmetta testified that it was his intention to tell his prospective customer that if it accepted his offer it would receive a *complete* deveining machine in Brazil (A:256-257).

In September, Mr. Skrmetta, again offering his machine, wrote: "it will be a pleasure to furnish this *machine*" (Sup. A:498); In October, he wrote: "we sincerely want to ship you a *machine*" (Sup. A: 501).

In October, Mr. Skrmetta made, in his words, his first "*firm*" offer to sell. (A: 276, 351). There is no mention on the invoice constituting this "firm" offer of any *parts* or any *dissassembled* machine. The wording of that invoice offer was *identical* to all invoices for prior sales of infringing machinery to domestic (A: 174, 351) *and* foreign customers (R. Br. App. D-1). Further, the price at which the machinery was quoted was *identical* to the price at which Petitioner had sold its last deveining equipment to domestic

customers (Compare A: 351 or Sup. A: 500 with R. Br. App. D-1) and offered it for sale for export (Supp. A: 516).

III. The Manufacture of The Machine

On June 30, 1969, the day the injunction was issued, a date almost three months after the District Court's opinion of validity and infringement, Mr. Skrmetta wrote his prospective Brazilian customer that the "decision of the Judge" in the infringement action "has now been *officially* decided" adding:

> However, *the decision*[16] did pinpoint two *very slight technical areas,* wherein we feel positive that we are *now* in a position to *manufacture* these machines, with the exception of *two technical parts*[17] being packaged separately and installed in the *machine* after arrival in Brazil. The *forming of these combinations* will not present problems of a legal nature in your country . . . (Sup. A: 494)

Then, in July, Mr. Skrmetta wrote his prospective customer again, as follows:

> *We* can manufacture *Deveining Machine* for sale in Brazil and all foreign countries, without any legal problem. We are handicapped by a decision against us in the United States, this was a very technical decision and we can *manufacture* the entire *machine* without any com-

[16]The issue now before this Court (of manufacture and sale for export) was not raised by either party or discussed in any way in the District Court's opinion on the validity, infringement and enforceability of the patents.

[17]It is clear that the *"technical parts"* referred to are the blades (see Res. Br. App. D-2) for the SKRMETTA SHRIMP DEVEINER MACHINE and the lip-perforated endless belt for the DISCHARGE CONVEYOR (A: 222-223, 225, 230-231, 388, 514).

SUMMARY OF ARGUMENT

Petitioner manufactured and sold machines which were adjudicated to be infringements of claims of two United States patents. A writ of injunction then issued.

Petitioner's *alter ego* then manufactured, or arranged for the manufacture of, all parts for each infringing machine (but did not "finally" assemble them) and crated the machinery for export. All of these acts occurred within the United States. These acts constituted "making" the patented inventions within the United States within the meaning of 35 U. S. C. § 271(a): "whoever without authority makes, uses or sells any patented invention, within the United States . . . infringes the patent." The acts of making, using and selling are mutually exclusive; each one, separately, is an infringing act; it is not required that what is made be used or that what is sold be used.

The crated machinery was sold F. A. S. New Orleans to a foreign customer, who had secured an import license from his government on the representation that he was getting a complete machine. The price at which the machinery was sold was the same price as the last sales of "finally" assembled machinery in the United States and the last offer for sale for export. Title passed to the foreign customer in New Orleans. All of these acts took place within the United States. These acts constituted "selling" the patented inventions within the United States within the meaning of § 271(a).

Payment was received for the machinery in the United States in United States currency after the machinery was put on the dock. All economic gain accruing to the infringer arose by reason of acts performed wholly within the United States. All economic harm to Respondent by reason of these acts occurred wholly within the United States. There was, therefore, a "use" of the invention with the meaning

of 35 U. S. C. § 284 and Respondent should be compensated for the infringing use.

Three prior Court of Appeals decisions are in conflict with the decision below. None of these decisions relied in any way upon cases decided by this Court as to what constituted "making" and "selling" a patented invention. In the first case, *Radio Corporation of America* v. *Andrea*, 79 F. 2d 627 (2d Cir. 1935) ("Andrea I"), the Court of Appeals said: "No wrong is done the patentee until the combination is formed" (79 F. 2d at 629). This conclusion formed the basis of the other two Court of Appeals cases that conflict with the decision of the Court below. This conclusion is legally illogical, practically unrealistic and economically discriminatory, as the wrong is done when economic gain accrues to the infringer, even though the combination may not be "finally formed". Any result other than that reached by the Court below would allow an American manufacturer to not make a "final" connection of two elements of a combination and thus evade a United States patent if all use is in a foreign country.

Additional substantial policies favor affirmance of the decision below:

(1) affirmance would render it difficult, if not impossible, for exporters to evade United States patents by putting a combination together, taking it apart and selling it with one piece of the combination disconnected;

(2) owners of United States patents on machines that are too large to move as assembled machines to the site of use would no longer be discriminated against; this obviously includes much capital goods equipment, or anything too large to ship on a railroad car, truck or airplane in one piece;

(3) under the rule of Andrea I, the United States patent owner is required to bring infringement actions in as many foreign countries as his United States exporting competitor has customers. The defendants must, of necessity, be his customers or prospective customers, and customer suits are disfavored in the patent law; additionally, patent disputes between two parties can be settled in one forum instead of many;

(4) the individual inventor of a combination machine patent (and small business enterprises) would not find it necessary to secure foreign patent protection except in countries where manufacturing competitors might exist.

If the unrealistic "final connection" of the combination is required, there is an alternative ground for affirmance, namely contributory infringement, as the facts of this case fall within the express terms of § 271(c).

ARGUMENT

I. The Machinery Was Made Within The United States and Therefore Was an Act of Infringement Within the United States ("Making") Which Can be Enjoined.

Skrmetta Machinery transgressed 35 U. S. C. § 271(a): "whoever without authority *makes*[21] . . . any patented invention within the United States . . . infringes the patent". The Court of Appeals faced this issue squarely and resolved it with realism: "The word *'makes'* should not be given an artificial, technical construction but should be accorded a construction in keeping with the ordinary meaning of that term" (A: 78).

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[21] "makes" is recited *disjunctively* in § 271(a) from the other acts of direct infringement of "use" and "sale"; no "use" or "sale" is required.

Skrmetta Machinery was the sole moving force behind every commercial act necessary to "make" the infringing machinery for the Brazilian customer.[22] This machinery was *duplicative* of the machinery held to infringe Respondent's patents. The only thing left for the customer to do was the "less than one hour" operation described in Skrmetta Machinery's letter (A: 496).

The inherent property, *and the only* objective, purpose and function of the infringing machinery that Skrmetta Machinery "made" for its customers, foreign and domestic, was the deveining of shrimp.

No act was left for any other manufacturer to perform in the making of any part.

Petitioner has engrafted a first qualifier onto the word "makes" in § 271(a) which is not there, namely, "assembly", as meaning some "final" or "less than one hour" connection. § 271(a) does not include "assembly".

Petitioner has engrafted a second qualifier onto § 271(a) which is not there, namely, "testing." Since the machinery was duplicative of the infringing machinery, testing was wholly irrelevant and unnecessary.

The Brief of Petitioner is dissimulative in its listing of the alleged contents of boxes.[23] The plethora of pieces re-

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[22]In *Kreplik* v. *Couch Patents Co.*, 190 Fed. 565, 567-568 (1st Cir. 1911) the Court of Appeals said: ". . . the *inventive act* in a combination patent is the *making* of the component parts, capable of combination, and *fit to be united* to constitute the combination. *The physical putting together of the two parts is no part of the invention.* The infringement of a patented combination is complete when the component parts of the combination are made or sold, fitted to be put together and intended to be put together. The infringement in this case was clearly a *direct* infringment . . ."

[23]Curiously, a wire mesh endless belt was allegedly installed on the DISCHARGE CONVEYOR (the euphemism discussed above, fn. 13) destined for Brazil and two endless belts (with ". . . a multiplicity of lips having a smooth, rounded free edge . . . identical in formation and structure to the . . . elements disclosed in the '927 patent . . . Sup. A: 470-471, Finding VIII: 8) were allegedly in-

cited on the alleged "parts list" do not comport with Mr. Skrmetta's representations to the Brazilian customer: "we are now in a position to *manufacture* these *machines*, with the exception of the two *technical* parts being *packaged separately*" (Sup. A: 494) *and* "we can *manufacture* the entire *machine* without any complication in the United States, with the exception that there are two parts that must not be assembled in the United States, but assembled after the machine arrives in Brazil. *This assembly will take less than one hour*" (Sup. A: 496).

Mr. Skrmetta was referring to one and three quarter *tons* of machinery (A: 362).

It was in response to representations like these that the Brazilian customer purchased the machine.

After the order was placed, after the import license issued and after the letter of credit was confirmed, Mr. Skrmetta wrote describing what was to happen in Brazil as: ". . . *installation* of the deveiner. . . ." (A: 377).[24]

Mr. Skrmetta's public representations are instructive; he made *no* representation in any advertisement destined for circulation in a foreign country (published before Skrmetta Machinery's offer was accepted by the Brazilian customer) that the foreign customer would get a gaggle of parts.[25]

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cluded in *another* box. Petitioner originally manufactured the DISCHARGE CONVEYOR with a wire mesh belt; it changed its construction almost immediately to the lip-perforated endless belt because of the difficulty of cleaning the wire mesh and because "its customers *were dissatisfied with the vein removal efficiency of the wire mesh belt.*" (Sup. A: 455, Finding of Fact II: 30). The inclusion of the wire mesh belt in the shipment (there was no change in price (*supra*, pp. 8-9)) is further evidence of attempted *evasion*, as distinguished from attempted *non-infringement*.

[24]Interestingly, this letter was written *after* the euphemism "kit form" appears (A: 360-361).

[25]Some advertisements published *after* the transaction carry another euphemism, "*partially* unassembled form" (Sup. A: 505, 507, 509).

Mr. Skrmetta's private representations are also instructive; *in not* one of the letters he wrote to the Brazilian customer (App. 360-361, 379, 385; Sup. A: 494, 495, 496, 497, 408, 501) did he indicate that what the customer would get is "parts." In fact, even in the purported letter he sent enclosing the "parts list," he said: "we look forward to visiting with you after the *machine* has arrived" (A: 394).

All "making" of the "complete" (A: 396) deveining machine capable of being used to achieve the benefits and results of the patented inventions was directed and controlled by one United States entity. This was always true, regardless of whether it was Petitioner's manufacture for domestic use (A: 283-284), its first export transaction—in *two* boxes (Resp. Br. App. D-1)—or its second export transaction, allegedly in *three* boxes (A: 394). Even in the case of the second export transaction (the one at issue before this Court) Mr. Skrmetta cabled his customer (on the eve of what Petitioner claims are activities falling short of "final" assembly): "MACHINE COMPLETE TOMORROW" (A: 367).

The clear remedy against this behavior[26] is that prescribed by 35 U. S. C. § 283, namely an injunction ". . . in accordance with the principles of equity to *prevent* the violation of any right secured by patent. . ."

The making of an infringing machine does not immediately damage a patentee, but the commercial disposal by the making infringer will obviously damage a patentee. Hence, the Court of Appeals properly recognized the threat of such a violation when it held that the injunction reached Skrmetta Machinery's conduct. It is the clear threat of economic erosion of the patent right that warrants injunctive relief and caused the Court of Appeals to hold that " 'makes'

[26]The manufacture of but *one* machine would subject a party to a suit for infringement even though *no use* of the one machine ever occurred. *Caterpillar Tractor Co.* v. *International H. Co.*, 106 F. 2d 769, 774 (9th Cir. 1939).

means what it *ordinarily connotes*—the substantial manufacture of the constituent parts of the machine" (A: 79).

The word "make" has existed as a proscribed exclusionary right of the patentee in every Patent Act passed by the Congress. This Court has never interpreted "makes" in the context of the issue before this Court. Respondent submits that Skrmetta Machinery *made* the machinery destined for Brazil within the meaning of "makes", and that Petitioner's unreal engraftments of "final" connection, and "testing", evade reality.

II. The Machinery Was Sold Within the United States and Therefore Was an Act of Infringement Within the United States ("Selling") Which Can Be Enjoined and for Which Damages Can Be Awarded.

Skrmetta Machinery transgressed still another prohibition of 35 U. S. C. § 271(a) which reads, in pertinent part: "whoever without authority . . . *sells*[27] . . . any patented invention within the United States . . . infringes the patent". Although the Court below did not explicitly so rule, it certainly implicitly so ruled: "The constitutional mandate cannot be limited to just manufacturing and selling within the United States" (A: 79).

Petitioner's Brief concedes that the sale took place within the United States; it restates the issues presented for review to include "sale . . . *in* the United States . . . (Pet. Br. 3, 6) and ". . . sale *within* the United States . . ." (Pet. Br. 13).

Therefore, no extensive factual argument as to the place of sale is necessary other than a recital of the significant events of the sale transaction:

(1) Skrmetta Machinery fully performed *all* of its contractual duties when the machine was delivered F. A. S. New Orleans. All of its acts were performed

[27] "sells," just as "makes" (*supra*, n. 21) is recited in the disjunctive; no act of "making" or "use" is required.

in the United States and prior to the buyer's receipt of the machine.

(2) the Brazilian customer fully performed *all* of *its* contractual duties when the purchase price was paid in the United States upon presentation of clean bills of lading. All of its duties were also performed in the United States and prior to its receipt of the machine.

(3) So, as between seller and purchaser, there were no further duties remaining to be performed under the contract of sale. The infringing machinery had been manufactured, delivered and paid for within the United States.

The Brazilian customer thus became the owner of the machinery when it was delivered to the dock in New Orleans. La. Civil Code Arts. 2439, 2456 and 2467 (1870); *Courtin* v. *Sharp,* 280 F. 2d. 345 (5th Cir.), *cert. den.* 365 U. S. 814 (1960); *Vercher* v. *Toda Enterprises, Inc.* 216 So. 2d. 318 (La. App. 1968). The same result would obtain under the Uniform Commercial Code (§ 2-401).

The documents relating to the sales contract state what was to be sold and what was sold to the Brazilian customer. The import license issued by the Brazilian National Bank refers to the thing sold as a *"complete* automatic *machine* for deveining shrimp" (A: 355, 356; translation at A: 396, 397). The letter of Credit issued by the Brazilian customer's private bank, transmitted through its United States associate bank, also refers to the thing sold as a *"complete* automatic *machine* for deveining shrimp" (A: 359).[28]

[28]The euphemism "kit form" is on the letter of credit, but it is *not* on any invoice dated earlier than the import license and is *not* on the import license itself. As far as can be determined from the record, the euphemism "kit form" appears for the first time on an invoice dated December 22, 1969, *after* the import license covering the transaction was issued by the Brazilian government. The import license included a certification that no similar machine of Brazilian origin was available (A: 355, translation at A: 396).

The invoices covering the sale were completely duplicative of Petitioner's invoices for domestic and prior foreign sales (Compare A: 174 and Resp. Br. App. D-1 with A: 351, 352).[20] Of substantial significance in concluding what thing was actually sold is the fact that the *price* of the equipment sold to the Brazilian customer was *identical* to the price at which Petitioner last sold its deveining machinery to domestic customers (Compare A: 355 with R. Br. App. D-1). It is obvious, therefore, that there was absolutely *no* economic value to be attributed to any "final assembly." A "finally assembled" deveiner and a "kit for deveiner" were given *equal value.*

Petitioner's public and private representations of what it was offering for sale, i.e., a *"machine"* (*supra* pp. 8-9) are equally significant in concluding what was sold.

There are two clear remedies for the sale made without authority, namely, (i) the injunctive relief provided by 35 U. S. C. § 283 and (ii) the monetary compensation provided by 35 U. S. C. § 284 ("damages adequate to compensate for the infringement . . ." (35 U. S. C. § 284).

The sale of the infringing machine is an economic erosion of the patent right. This Court, in *Bauer* v. *O'Donnell,* 229 U. S. 1 (1913), recognized the value that Congress placed on the right to exclude infringers from selling:

> And Congress did not stop with the express grant of the rights to make and to use. *Recognizing that many inventions would be valuable to the inventor because of sales of the patented machine* or *device to others, it granted also the exclusive right to vend the invention* covered by the letters patent. To vend is also a term readily understood and of no doubtful import. Its use in the statute secured to the inventor the exclusive right

[20] With the exception of the appearance of the euphemism "kit form" on the last invoice of record.

to transfer the title for a consideration to others. 229 U. S. at 11.

The Court of Appeals concluded that the effect of the Brazilian transaction was a violation of the exclusive right to sell when it directed the District Court to ". . . take any further proceedings which it may determine to be necessary to comply with the import of this opinion . . .", i.e., include the machine sold to Brazil in the accounting proceeding adjudged by the District Court (A: 65-66, 93).

The word "sell" (or "vend") has existed as a proscribed exclusionary right of the Patentee in every Patent Act passed by the Congress. This Court has never interpreted "sells" in the context of the issue before the Court. Respondent submits that the sale here was within the meaning of "sells."

III. All Economic Benefit To The Infringer And All Economic Harm To The Patentee Resulted From The Acts Of Making And Selling Within The United States.

All of the acts of making, or arranging for the making of, all parts of the machine took place within the United States. The sale took place within the United States. Therefore, all profit arose entirely by reason of acts of making and selling in the United States. Petitioner and Skrmetta Machinery did *nothing* in Brazil. Therefore, all economic gain accrued within, and was realized within, the United States.

Further, all of the economic effects on the holder of the United States patents occurred within the United States.[30] Respondent was not competing for the Brazilian customer

[30]The holdings of United States Courts on the similar issue in the context of copyright, another creative property right, are unanimously in favor of the copyright proprietor and against the infringer. See Appendix A, *infra*.

with a British or Brazilian manufacturer but with an American manufacturer. The Brazilian customer, incidentally, was a customer of Respondent prior to the sale by Skrmetta Machinery (Rec. on App. Vol. I, Skrmetta Deposition 2/25/70, Exs. 27-2, 27-3).[31]

Therefore, all economic effects on Laitram occurred within the United States.[32]

The measure of monetary recovery specified by 35 U. S. C. § 284 is the ". . . *use* . . ." of the invention in the sense of economic use or benefits accruing to the user. This *"use"* encompasses each disjunctive act recited in § 271(a) upon which liability is predicated, namely "manufacture, use or sale." Here the damaging act of *"use"* was the *sale*.

This benefit to the infringer is the flat practical answer to the circular and assumptive statement in *Radio Corporation* v. *Andrea*, 79 F. 2d. 626, 627 (2d Cir. 1935) (hereinafter "Andrea I"): "No wrong is done the patentee until the combination is formed".

The extreme situation decided on the basis of the "rule" of *Andrea*, namely *Hewitt-Robins* v. *Link Belt*, 371 F. 2d. 225 (7th Cir. 1966) depicts the unfairness of not granting injunction and monetary recovery in the case before this Court: a patent is issued on a mechanical device which must, for *practical* reasons, be shipped in two or more parts to the foreign country. Unless this Court affirms the decision below, a United States patent gives absolutely no protection against exporting manufacturers. Needless to say, the manufacturer is *ab initio* the *fount* of infringement in all

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[31]Contrary to Petitioner's statement (Pet. Br. 41, f.n. 36), Laitram has commenced *no* infringement action in Brazil against Skrmetta Machinery's customer.

[32]United States courts have been empowered by Congress to control a host of diverse acts of United States entities occurring outside the United States that have effects within the United States. See Appendix C, *infra*.

cases where machines are the patented subject matter. The result of this rule is to immunize from suit for *"making"* or *"selling"* any manufacturer of a large device which cannot be put together except at the site of its use, *even if that site be within the United States.*

The only desirable practical result is to hold both making and selling, without the final connection, to be acts of direct infringement.

IV. Additional Substantial Policy Considerations Relating To "Combination" Patents Mandate Affirmance Of The Decision Of The Court Of Appeals That There Was Direct Infringement By "Making" The Combination And "Selling" It.

It has been estimated that over 50% of the United States patents issued each year are "combination" patents.[33] Or, in the words of Judge Hand: "substantially no machine, manufacture or composition of matter is ever new throughout; usually it is a combination of elements, all of which are severally old, and the [patented] invention consists in the *mental act of fabricating the combination.*"[34]

There are additional substantial policy considerations (in addition to the basic policy, Argument III, *supra,* pp. 21-23) relating to "combination" patents that further mandate affirmance of the decision of the Court of Appeals.

A. Affirmance Of The Decision Below Would Discourage Easy Evasion Of "Combination" Patents

A salutary effect of the decision of the Court of Appeals is to discourage easy evasion of combination patents and a

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[33] *Comment,* 36 N. Y. U. L. Rev. 1395, 1399-1400 (1961).

[34] *Old Town Ribbon and Carbon Co., Inc.* v. *Columbia Ribbon and Carbon Manufacturing Co., Inc.,* 159 F. 2d 379, 382 (2d Cir. 1947).

resultant temptation to perjury.[35] Take the case of a United States manufacturer who sells his products for domestic use "finally assembled", but sells his products for export with two elements of a "combination" unconnected. Under the opinions in *Andrea* I and II (*infra*, pp. 28-29), evasion would be encouraged by the evanescent act of a one second connection between two elements, followed by separation, such separation, without proof of connection (*Andrea* I at 627), serving to relieve both manufacturer and seller from liability. No "finally assembled" machine leaves the country and the holder of a United States patent would be precluded from asserting any rights against that manufacturer and seller.

B. Affirmance Of The Decision Below Would Eliminate Discrimination Between Owners Of Patents On Physically Large And Owners Of Patents On Physically Small Combinations.

Another salutary effect of the decision of the Court of Appeals is to remove what appears to be discrimination between exporters as to United States patents covering physically small combinations which are necessarily "finally" assembled in the United States (e.g., a transistor radio) and large combinations which are not, for obvious practical reasons, "finally" assembled (e.g., a ski lift) in the United States. There is no practical or legal reason to differentiate between the two situations.

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[35]No question of perjury appears to be presented by the record in this case, but Mr. Skrmetta's testimony carries the clear import of obsession with "legalisms" *just for the purpose of evading the patents:* ". . . parts in the sense of parts, but not in the sense of combinations . . ." (A: 300); ". . . a machine that avoided the manufacture of any combinations . . ." (A: 320); ". . . absolute non-manufacture of such combination . . ." (A: 323) and ". . . we are going to do everything in our power to prevent any combinations . . ." (A: 326).

C. Affirmance Of The Decision Below Would Support The Public Policy That Prefers Actions For Infringement Against The Manufacturer And Not Against His Customers As Well As The Policy Against Multiple Law Suits.

There is a strong public policy that favors patent infringement actions against manufacturers, as distinguished from customers; this policy is admixed with a similar policy militating against multiple patent law suits. *Kessler* v. *Eldred*, 206 U. S. 285, 289 (1907) ("... No one wishes to buy anything, if with it he must buy a law suit ..."); *Salem Engineering Co.* v. *National Supply Co.*, 75 F. Supp. 993, 999-1000 (W. D. Pa. 1948); *Commercial Acetylene Co.* v. *Avery Portable L. Co.*, 152 Fed. 642, 645 (C. C. E. D. Wis. 1906), aff'd 159 Fed. 934 (7th Cir. 1908). See, generally, *General Tire & Rubber Company* v. *Watkins*, 373 F. 2d 361 (4th Cir.) *cert. den.* 386 U. S. 960 (1967); *Kerotest Mfg. Co.* v. *C-O-Two Co.*, 342 U. S. 180 (1952).

There is no legal or practical reason why this policy should not apply when the United States infringer's customer is a foreign entity.

D. Affirmance Of The Decision Below Will Lessen The Need For The Acquisition, Maintenance And Enforcement Of Foreign Patents On Machines. This Will Be Particularly Beneficial To The Individual Inventor And To The Small Business Enterprise.

In 1968, 22% of the United States patents issued were acquired by individuals.[36]

The effect of the decision below is to render less necessary the attempt to acquire machine patents in foreign countries unless there are the necessary manufacturing resources present in that country. Whether or not to attempt to acquire foreign patents is a hard enough decision for a

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[36] *Statistical Abstract of The United States: 1969* 532 (90th ed. 1969).

large corporation to make, let alone a small corporation or an individual. "Along with the necessity of conducting multiple and redundant national proceedings, and of adhering to diverse national formalities, the cost of international patenting has been an important source of criticism of current international practice," Hartman, *Foreign Patenting Cost Study*, 52 J. Pat. Off. Soc'y 81 (1970).[87] In practically every foreign country fees are required to maintain patents and, if they are not paid, the patent will expire.[88] In many other countries, "working" (i.e., exploitation, apparent or real) of the patent is required and, if the patent is not "worked," it will expire. Finally, the increased uncertainty of patent litigation in countries with disparate legal traditions and procedures[89] would also be greatly reduced.

Thus, the individual inventor and small business enterprise will particularly benefit.

The most basic reason for affirmance of the decision below has been set forth above (*supra*, Argument III).

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[87]This article points out the *cost advantage* to large, sophisticated corporations who acquire the know-how to, *inter alia*, deal direct with foreign patent agents and avoid the economic cost of various middlemen in the application process (*id*, at 85). See, generally, Green, *International Industrial Property Rights*, 14 IDEA Conference Number 55, 57-58 (1970); Ritscher, *Foreign Patent Applications and Patents*, 13 IDEA 131 (1969). It has been estimated that roughly half of the *650,000* patent applications filed throughout the world in 1965 were substantially duplicative of patent applications filed elsewhere. Winter, *Our International Patent Policy and the World Patent Crisis*, 54 Dept. State Bull. 1006 (1966).

[88]In Appendix B, *infra*, Respondent has assembled what legal attitudes there are in the next five largest exporting nations in the world. This is done to show that the United States will be by no means handicapping its exports by an affirmance of the Court of Appeals opinion (there are no *Andreas* abroad) and that the legislatures and courts of these countries have, in certain instances, faced this issue and resolved it with the justice Respondent urges here.

[89]See, generally, *World Patent Litigation* (H. Durham ed. 1967).

In the prior Court of Appeals decisions relied upon by Petitioner there is absolutely no indication of even awareness by those Courts of that basic reason or any other policy Respondent argues here.

V. The Court of Appeals Decisions Not Followed by the Court of Appeals in this Case Spring from an Illogical Premise ("No Wrong is Done the Patentee Until the Combination is Formed") And Fail to Recognize the Reality of Business Activity.

Four Court of Appeals decisions prior to the decision of the Court of Appeals in this case must be identified, but only one (*Andrea I*) deserves analysis. It is the keystone of a legally illogical, practically unrealistic and economically discriminatory arch of precedent.

These four decisions are:[40]

(1) *Radio Corp. of America* v. *Andrea,*
79 F.2d 626 (2nd Cir. 1935)
(hereinafter *"Andrea I"*);

(2) *Radio Corp. of America* v. *Andrea,*
90 F.2d 612 (2nd Cir. 1937)
(hereinafter *"Andrea II"*);

(3) *Cold Metal Process Co.* v. *United Engineering & Foundry Co.,*
235 F.2d 224 (3rd Cir. 1956)
(hereinafter *"Cold Metal"*); and

(4) *Hewitt-Robins, Inc.* v. *Link-Belt Co.,*
371 F.2d 225 (7th Cir. 1966)
(hereinafter *"Hewitt-Robins"*).

[40]In not one of the four cases was a writ of certiorari applied for.

In not one of these cases was *any* decision of *this Court* relied upon to hold that there was no "making" or "selling."[41]

This Court has never resolved either issue.[42]

In this case, the District Court's reaction to *Andrea I* was at least awareness of its legal unreality: "It may be urged that the first *Andrea* result [Andrea I] is not logical—or that it is at best law logic, which John Quincy Adams told John Marshall was an artificial system of reasoning, exclusively used in courts of justice, but good for nothing anywhere else." (A: 74-75).[43] Thus, the District Court recognized Andrea I to be illogical, but felt bound by it.

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[41] *Hewitt-Robins* quotes (371 F. 2d at 229) *dicta* from *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U. S. 336 (1961) (*"Aro I"*), the dicta being inapplicable in this case where *all parts* were supplied, unlike *Aro I*.

[42] Petitioner's Arguments A. and B. (Pet. Br. 17-22) and its citations are *totally irrelevant* to the issue before this Court. None of the cases Petitioner cites involves a combination made and sold in even *partially* unconnected form. All Petitioner's cases concern whether or not a machine as operated or other accused subject matter is within the claims of a patent (i.e., cases where a court is construing a claim of a patent vis-a-vis the operating machine) or whether or not a patent is valid. Citation also is made to the *Mercoid* cases, *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661 (1944) and *Mercoid Corp.* v. *Honeywell Co.*, 320 U. S. 680 (1944); in neither *Mercoid* case were all of the parts of the machine involved; the *Mercoid* cases ". . . involved essentially an application of patent misuse . . ." (*Aro Mfg. Co.* v. *Convertible Top Co.*, 377 U. S. 475, 491 (1961) (*"Aro II"*)); patent misuse is *not* an issue in *this* case.

[43] The Court then went on to accept without question the "finally assembled" fallacy (A: 75).

Judge Hand decided a similar set of facts in the way Respondent would have this Court deside them (A: 402-403). Petitioner states (Pet. Br. 22, f. n. 21) "The language of Judge Hand in the unreported *Westinghouse Electric* decision (A: 402-404) establishes that the machine there had been "assembled by the defendant, then disassembled and sold, and subsequently reassembled". This is a misstatement. Judge Hand said:

> "Baldwin then sold him a complete *set* of *parts unassembled* and delivered them . . ." (A: 403).

In *Andrea I*, the defendant manufactured all of the parts of the machine (a radio) except one (a tube); both were ". . . separately packaged . . ."[44] (79 F. 2d at 628) within the same container for shipment. It is unclear whether or not the tubes (". . . purchased in the *open* market . . ." (79 F. 2d at 627)) were staple articles of commerce or specially made for the radio. The Court of Appeals reversed the District Court[45] and verbalized its fallacious assumption: ". . . no wrong is done the patentee until the combination is formed . . ." (79 F. 2d at 628). The Court further held that there had been no manufacture or sale and no direct or contributory infringement.

In *Andrea II*, after it was proved that the tubes had been put in the sockets and *then removed* (90 F. 2d at 613), the Court held there had been direct infringement. Judge Swan, who wrote the opinion in *Andrea I*, recognized the incongruity and *dissented* in *Andrea II*, saying: "I think we overrule our prior decision . . . Unless and until that opinion shall be declared wrong by the Supreme Court, I should prefer to abide by it." (90 F. 2d at 615).

Petitioner contends (Pet. Br. 28, f.n. 26) that the Court of Appeals in this case was erroneous in stating that *Cold Metal* and *Hewitt-Robins* did nothing more than follow *Andrea I*. A careful reading of both *Cold Metal* and *Hewitt-Robins*, however, will show that they did nothing more than follow *Andrea I* (for *Cold Metal*,[46] see 235 F. 2d

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[44]A letter of Mr. Skrmetta to his Brazilian customer tracks the exact language of *Andrea I*, referring to the "separately packaged" technical parts (Sup. A: 494).

[45]The District Court in *Andrea I* held "direct" infringement (A: 404-407).

[46]Petitioner contends (Pet. Br. 28, f. n. 26) that in *Cold Metal* the Master's report is a "thorough analysis" of the issues. A discussion it may be, but the Court of Appeals in *Hewitt-Robins* said that the Master ". . . *based his conclusion* . . ." on *Andrea I* (235 F. 2d at 230).

at 229-230; for *Hewitt-Robins*, see 371 F. 2d at 229-230) and did not even recognize legal or economic reality. Similarly, in this case, the District Court (A: 73-74) described *Cold Metal* and *Hewitt-Robins* as relying upon *Andrea I* (for *Cold Metal*, see A: 73; for *Hewitt-Robins*, see A: 73-74).[47]

The rule of *Andrea I* is unreal; it should be discarded.

VI. If the Acts in this Case Are Not Direct Infringement, They Are Contributory Infringement

Respondent's *fundamental* argument (I-IV *supra*) is that there was both a *"making" and* a *"selling"* of the patented inventions. Petitioner raises the issue of contributory infringement (Pet. Br. 30-34); and concedes it (at least within the United States), *arguendo* (Pet. Br. 30). If this Court should accept what Respondent submits is a legally, practically and economically unrealistic definition of "making" and/or "selling" and chooses to require the evanescent connection of the *Andrea* cases, Respondent submits that there is "contributory infringement."

§ 271(c) of the Patent Act outlaws certain behavior, "contributory infringement." The behavior is outlawed to protect the patentee at the point of *sale*.

The behavior involves an entity which:

(1) *"sells* a component of a patented *machine"*

[a component was sold, indeed, all necessary parts were sold];

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[47] The result in *Cold Metal* requires acquisition, maintenance and enforcement of uncounted foreign patents and the result in *Hewitt-Robins* requires acquisition, maintenance and enforcement of, at least, a *Turkish* patent.

(2) "constituting a *material* part of the invention"

[again, all necessary parts of the machines were sold];

(3) "knowing the same to be especially made or especially adapted for use in an infringement of such patent"

[Mr. Skrmetta certainly knew];[48]

(4) "and *not* a staple article or commodity of commerce suitable for substantial noninfringing use"

[all the parts were specially manufactured or purchased, and were not shown, in the size and form used in the machines, to have other uses; even the "razor blades" were special (Res. Br. App. D-2) long lengths of thin steel blades (see A: 346-349, 292-295)].

§271(c) does *not* require that the component actually be used or "finally assembled" in an infringement; it does not require that an "infringement" (in the sense of "direct" infringement) occur. It only describes the component to be especially made or adapted for use in an infringement.

The counter argument is to say that there can be no contributory infringement without direct infringement.[49]

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[48]In *Aro II*, a majority (five) required that the alleged contributory infringer ". . . *knew* that the combination for which his component was especially designed was both patented and infringing . . ."; a minority did not, requiring only that ". . . the component was especially designed for use in a combination and was not a staple article suitable for substantial other use, and *not* knowledge that the combination was either patented or infringing . . ." (377 U. S. at 488-489). In this case, the acts of Mr. Skrmetta satisfy both majority and minority tests of the Court in *Aro II*.

[49]In this case there unquestionably was direct infringement in this country as to machines identical to those involved in the export transaction, such infringement (". . . manufacture and sale . . .") having been adjudged by the District Court (A: 64-65).

That phrase is legal shorthand for expressing the test used in patent "repair-reconstruction" cases. In any other context, it is as legally, practically and economically unrealistic as the "no wrong" statement of *Andrea I*. In an action for contributory infringement, a possible defense is that the parts are for repair of machines acquired from the patentee directly or indirectly; the patentee argues that the machines are not being repaired, but reconstructed, i.e., an unauthorized construction ("making") of the patented invention (see, e.g., *Aro I*). Thus the inquiry *shifts* from the acts of alleged contributory infringer does to the acts of his purchaser. The purchaser, by acquiring the machine directly or indirectly has the *right* to repair it and, consequently, to purchase repair parts from anyone. Otherwise a patentee would have a monopoly of repair parts. *Wilbur-Ellis Co.* v. *Kuther*, 377 U. S. 422 (1964); *Aro II*, *supra*, 377 U. S. at 482-483.

That counter argument is a conclusion which has no application to the facts of this case.

The case before this Court, of course, involves *all the parts* of the infringing machines. Should Respondent be without remedy? The purpose of § 271(c) is to aid patentees in reaching those who profit from the patentee's invention,[50] even though they do not make, use or sell the *entire* invention, but only *material components*. And, significantly, under § 271(c), there is *no* requirement of *connecting* the components; the statute is satisfied if *one* "material component" is sold.

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[50] An example of contributory infringement without "direct" infringement would be the sale at any time during the life of a patent of components which are then not "finally" assembled until after the patent has expired. Those sales should accrue to the patentee; it was damaged. Other examples would be where the seller's customer changes models, or files for bankruptcy.

Respondent submits that if its fundamental argument that there was a *making* and a *selling* of the invention is not accepted, this case becomes one of contributory infringement.[51]

[51]Only one case besides *Andrea I* has been found holding that sale of parts made in the United States (the case involved one part) for export is not contributory infringement, *Bullock Electric & Mfg. Co.* v. *Westinghouse Electric & Mfg. Co.*, 129 Fed. 104 (6th Cir.), *cert. den.* 194 U. S. 636 (1904), decided a half century before the enactment of § 271(c) and, Respondent submits, implicitly overruled by § 271(c). *Bullock* was, in effect, severely limited by a later case of the same Court of Appeals, *K. W. Ignition Co., et al* v. *Temco Electric Motor Co.*, 283 Fed. 873 (6th Cir. 1922) (which held contributory infringement *without* all the elements).

CONCLUSION: LAW, EQUITY AND POLIC... EITHER SEPARATELY OR IN "COMBINATIO... MANDATE AFFIRMANCE OF THE COURT OF A... PEALS.

There is no conclusion other than that the patented in... ventions were "made" and "sold"[52] within the meaning o... 271(a). The Court of Appeals stated the essence of th... case in a short cogentism: "[Any other result] . . . wo... allow an infringer to set up shop *next door* to a pate... protected inventor whose product enjoys a substanti... foreign market and deprive him of this valuable busines... (A: 79).

" '[A] patent system must be related to the world o... commerce rather than to the realm of philosophy . . .' *Application of Ruschig,* 343 F. 2d 965, 970 (Rich, J.), quoted in *Brenner* v. *Manson,* 383 U. S. 519, 536 (1966).

The decision of the Court of Appeals should be affirme...

Respectfully submitted,

GUY W. SHOUP
230 Park Avenue
New York, New York
Attorney for Respondent

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[52]"I was once in the Court of King's Bench, when one of the counsel was making a motion upon an affidavit filled with matters of account and calculations of figures, which he was detailing to the judges, who rose, and one of them said (interrupting him), 'This court does not sit here as accountants'; and they retired." Hawksbee... *Wills,* 335, f. n. 6 (1826). Petitioner would have this Court believe that what was *made* and *sold* here can be calculated by a dissimulating counting of parts. Respondent respectfully suggests that the issue presented here should be resolved by the judicial function of realistic interpretation of what constitutes *making* and *selling* of a patented invention.

APPENDIX A

The Law On The Issue Before This Court With Respect *To* The Other Statutorily Protected Creative Property Right (Copyright) Is Unanimously In Favor Of The Copyright Owner

Copyright is a creative property right analogous to a patent which is protected by Federal statute; it arises from the same Constitutional provision. In the case of copyright, the decisional law on the general issue before this Court is *unanimously* in favor of the copyright owner and *against* the infringer.

The authorities are: *Sheldon* v. *Metro-Goldwyn Pictures Corporation, et al,* 106 F. 2d 45, 52 (2nd Cir. 1939), *aff'd* 309 U. S. 390 (1940) (negative of motion picture made here, positive print made and exhibited abroad) ("... as soon as any of the profits so realized took the form of property whose situs was in the United States, our law seized upon them and impressed them with a constructive trust. . ."); *Famous Music Corporation* v. *Seeco Records, Inc.,* 201 F. Supp. 560, 564, 568-569 (S. D. N. Y. 1961) (tapes made here and sent abroad, phonograph records manufactured abroad from tape); *G. Ricordi & Co., Inc.* v. *Columbia Graphophone Co.,* 270 Fed. 822, 826 (S. D. N. Y. 1920) ("... the gist of this case is to determine what is meant by *manufacture* ..."); *Fishel, et al* v. *Lueckel, et al,* 53 Fed. 499, 501 (C.C.S.D.N.Y. 1892) (engravings and etchings) ("... the defendants ... omitted the mere work of the artisan; they appropriated the genius of the artist. ...").

APPENDIX B

The Patent Law on the Issue Before the Court in the Five Major Exporting Nations of the World Other than the United States

The patent law in the five leading exporting nations[1] of the world other than the United States on the issue before this Court is either favorable to the patentee or without decision. The nations are listed in order of monetary value of exports.

Federal Republic of Germany: Article 6 of the German Patent Law specifies manufacture, vending or placing on the market, offering for sale and use as infringing acts. Cases interpreting that statute have held that "manufacture" is not restricted to the final activities directly completing the patented article, and, further, that the supply of parts suitable exclusively to be assembled to form the patented machine for assembly in a foreign country is infringement. Judgment of Sept. 18, 1897, 40 RGZ 78, 79; BENKARD, *Kommentar zum Patentgesetz und Gebrauchsmustergesetz* 359, 376 (5th ed.). It is also considered an infringment of a German patent to offer a non-infringing device to be rebuilt by the infringer's employees in the foreign country in a form to infringe. "Kreuzbodenventilsacke", Federal Court Decision, March 29, 1960, (60 GRUR 423 September, 1960).

United Kingdom: The question has been discussed but never decided, though *dicta* seems favorable. See *United Telephone* v. *Dale*, 25 Ch. D. 778, 782-783 (1884) cited with approval in *Dunlop Pneumatic Tyre* v. *Moseley*, 21

[1]The five leading nations are identified by statistics for the year 1970 taken from 111, 113, 115 *Monthly Bulletin of Statistics*, United Nations (February, 1972).

RPC 274, 280 (1931): "If you are in substance selling the whole of the patented machine, I do not think you save yourself from infringement because you sell it in parts which are so manufactured as to be adapted to be put together." See also *Cincinnati Grinders (Inc.)* v. *B. S. A. Tools Ltd.*, 48 RPC 33, 47 (1931): "Many big machines are always sold in parts and erected when they are on the purchaser's premises. It is not any the less a sale of the machine".

The Brief for the Petitioner refers (Pet. Br. 45, f. n. 39) to a report submitted to the British Parliament. No legislation has yet been introduced based on the report even though it is nearly two years old. The recommendation cited by Petitioner has been criticized. *Commentary on the Report to Examine the Patent System and Patent Law* D7-D8 (C. I. P. A., London, 1970): "We agree with this recommendation except for the limitation to the assembly being within the United Kingdom, and we do not accept that if assembly takes place abroad the patentee suffers no detriment. A simple example might be a patent for a domestic mincer comprising a helical cutter operating in a chamber: in practice the cutter with its handle and the rest of the mincer are made and packed as separate components; the manufacture and sale should equally be regarded as infringements whether the ultimate user is the United Kingdom housewife or an overseas one."

Japan: The Japanese Patent Law, Article 101(1) statutorily seems to answer the question affirmatively in favor of the patentee and specifically refers to parts: "The following acts shall be deemed as infringement of the patent right or exclusive license concerned: (1) In case patent is granted with respect to the invention of a thing, acts of *producing, transferring,* leasing, displaying for the purpose of transfer or lease, or importing in business such a

thing as is exclusively used for manufacturing the patented thing." Law, April 1, 1960. There is no relevant case law.

France: Law on Patents of Invention, Law No. 68-1 of January 2, 1968, Article 29: "The exclusive right conferred by the patent also includes the prohibition by any third party to deliver or to offer to deliver to a party which is not a holder of a licence, means for working a patented invention". Acts similar to those in *this* case were held to be infringement. "If the litigious members manufactured or sold separately were intended to operate, by mere assembly thereof, the reconstitution of a patented apparatus which would legally be considered as an infringement, there would be infringement although said assembly was intended to take place in a foreign country and each of the separate members belonged to the Public Domain" (Ct. Cass., February 6, 1912, I. *Gaz. Pal.* 1912 552), reported in Devant et al *Les Brevets d'Invention* 260 (Paris, 1971).

Canada: The question is open, and a leading text resolves it in the patentee's favor. See Fox, *Canadian Patent Law and Practice* 388 (4th ed.).

APPENDIX C

United States Courts Have the Power to Control and Compensate for Wrongful Acts Which, Although Occurring Outside the United States, Cause Harm Within the United States and the Power to Control Conduct of United States Entities Outside the United States.

United States Courts have been empowered and have acted to amerce United States entities where, although acts are committed abroad, the harm occurs within the United States. An excellent example is *Steele et al* v. *Bulova Watch Co.* 344 U. S. 280 (1952) where this Court held that a United States Court had ". . . jurisdiction to award relief to an American corporation against acts of trade-mark infringement and unfair competition consummated in a foreign country by a citizen and resident of the United States." (344 U. S. at 281).

This principle has also been applied with respect to acts violating the anti-trust laws. *United States* v. *Sisal Sales Corp.,* 274 U. S. 268 (1927), ". . . deliberate acts . . . brought about forbidden results within the United States." 274 U. S. at 276. See also the opinion of Judge (later) Justice Minton in *Branch* v. *Federal Trade Commission,* 141 F. 2d 31, 35 (7th Cir. 1944), as well as *Continental Co.* v. *Union Carbide,* 370 U. S. 690, 704 (1962).

There are numerous other examples of United States courts acting to control conduct of their citizens abroad. *Blackmer* v. *United States,* 284 U. S. 421 (1932) (service of subpoena on U. S. citizen living abroad and requiring return to U. S. and appearance in U. S. Court held valid); *Cook* v. *Tait,* 265 U. S. 47 (1924) (power to tax income received from property abroad by U. S. citizen domiciled abroad); *United States* v. *Bowman,* 260 U. S. 94 (1922) (criminal acts violating U. S. statute performed in Brazil).

APPENDIX C

APPENDIX D

EXCERPTS FROM PETITIONER'S EXHIBIT 361

(admitted in evidence May 24, 1968)

Date	Inv. #	Customers	Amount
5/26/66	8625	Pezca, S. A.	$12,500.00
5/1/67	9090	DeJean Packing Co.	13,250.00
5/17/67	9095	Southern Shell Fish Co., Inc.	13,250.00

EXCERPTS FROM PETITIONER'S INVOICE #8625

(identified on Petitioner's Exhibit 361)

SOLD To: Pezca, S. A.
El Salvador

Date: 5/26/66

Quantity	Description	Amount
Spanish Description:		
Covering one shipment of:	Maquinaria Desvenadora de Camaroncillo Segun Pedido O. C. F. 42.	$12,500.00 U. S.

English Description:

One SKRMETTA SHRIMP DEVEINER Machine, model BV467 Serial No. 1115 powered by a ¾ H. P., 3 phase, 60 cycle 220/440 volt, totally enclosed Syncrogear electric motor; Complete with FEED CONVEYOR powered by a ⅓ H. P., 220 volt, 3 phase, 60 cycle electric motor; a DISCHARGE CONVEYOR Powered by a ½ H. P., 220 volt, 3 phase, 60 cycle electric motor and a SKRMETTA JET WASHER.

(Shipped export boxed in two (2) boxes)

DEEPSOUTH *Packing Company, Inc.*

3536 LOWERLINE ST. NEW ORLEANS, LA. 70125

PACKERS OF

FRESH CANNED AND FROZEN FOODS

SOLD TO • Mavar Shrimp & Oyster Co.
• Biloxi, Miss.
•

DATE	INVOICE NO.	TERMS	BROKERS ORD. NO.	VIA	F.O.B.	BROKER
6/21/67	52142	Net cash upon rec't	S. Mavar	Our Truck	N.O.	Direct

QUANTITY	DESCRIPTION	PRICE	AMOUNT
3 boxes	Special Stainless Steel Develner Blades	420 blades at $1.80 ea.	$ 756.00

D-2